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SUBJECT: DAS MCMULLEN'S MEETINGS WITH ECUADORIAN CABINET
OFFICIALS

Classified By: Ambassador Linda Jewell for reasons 1.4 (b) and (d)

¶1. (C) Summary: In two wide-ranging, cordial discussions, Coordinating Minister Fernando Bustamante and Acting Foreign Minister Rafael Paredes told DAS McMullen that the GOE continues to desire a positive, robust relationship with the United States. Although there are areas of disagreement, Bustamante and Paredes stressed that the relationship is bigger than any one issue and hoped that differences of opinion will continue to be worked out in a spirit of cooperation. Both men also drew what they consider clear distinctions between Ecuador and other regional players, particularly Venezuela and Bolivia. End Summary.

ACTING FOREIGN MINISTER SURVEYS THE STATE OF ECUADORIAN
AFFAIRS

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¶2. (SBU) DAS Christopher McMullen, accompanied by Ambassador Jewell and embassy notetaker called on Acting Foreign Minister Rafael Paredes November 13. Paredes reported that Foreign Minister Maria Fernanda Espinosa is still recuperating from an appendectomy and hopes to resume her duties shortly, though she will not be able to travel with the President on his upcoming visit to Asia.

¶3. (C) Noting that relations between the Ministry and the Embassy were excellent, Paredes spelled out his view of Ecuador's current political and diplomatic policies. The government's policies, both foreign and domestic, are driven by an intense desire to bring more equality to society. He noted that the gap between rich in poor in Ecuador and throughout Latin America was far too great and commented that this was a major topic of discussion at the IberAmerican Conference he attended in Santiago, Chile over the weekend. Highlighting the fact that Ecuador is still without a competition law and that the traditional political parties had not successfully included all sectors of society in the democratic, political process, Paredes expressed the hope that the upcoming Constituent Assembly would create the space for such inclusion. As of now, Paredes lamented, " we have all of this on paper, but not in practice." For the first time in Ecuador's history, the country is facing a "mass stampede of migration" to other parts of the world in search of a better life. For this reason, in Paredes' view, President Correa is trying to implement a more inclusive system of government worthy of those who have left the country so that they can return. DAS McMullen agreed that the Constituent Assembly presented an opportunity for positive reform, as well a chance to

include the marginalized sectors of society into the political process and expressed hope that the outcome would be successful.

14. (C) In response to DAS McMullen's questions regarding Ecuadorian foreign policy, Paredes stressed that in this arena as well, the GOE's primary motivation was to help secure a more just society, not just in Latin America, but throughout the world. Lamenting the fact that the press is "fixated" on Hugo Chavez, Paredes noted that while Ecuador enjoys good relations with both Venezuela and Bolivia, these countries are "totally different" from Ecuador and face different problems. DAS McMullen agreed that there is a tendency both in the American media and in other sectors to group the Andean countries together in inappropriate ways without drawing any distinctions between these nations. Paredes expressed the commonly-held Ecuadorian view that Colombia is too passive in its dealings with border issues, and that the GOC's goal is to push the conflict in Colombia towards the Ecuadorian border.

US-GOE RELATIONS POSITIVE

15. (C) Paredes went out of his way on several occasions to stress that relations between the US and GOE were excellent and that he hoped for continued, more robust dialogue. He cited the productive meetings Deputy Secretary Negroponte had with President Correa in May as

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illustrative of the quality of the relationship. While making a veiled reference to the on-going Occidental arbitration, Paredes commented that though there were no doubt areas of disagreement between the two countries, "the case of only one company is not illustrative of our relationship." McMullen and Paredes agreed that discussions regarding Free Trade Agreements were difficult,

for domestic and international reasons. DAS McMullen took the opportunity to affirm the USG desire to seek other avenues for economic and trade dialogue - an idea which Paredes said remains appealing to Ecuador.

16. (C) Referring to the Forward Operating Location in Manta, Paredes said that the GOE's concerns about renewing its lease, should not be interpreted as a lack of desire on the government's part to fight narcotics. On the contrary, the government remains committed to counter-narcotics activities and the government's interagency coordination in this field has vastly improved. Paredes used an embassy talking point, admitting that the FOL "is not a base", but that as is so often the case, "perception is reality" and that President Correa must take domestic political concerns regarding the FOL into consideration. DAS McMullen stated that the USG understands the sensitivities of the issue, but that the USG needs to plan for contingencies if this agreement is not renewed.

COORDINATING MINISTER FERNANDO BUSTAMANTE: ACCENTUATE THE POSITIVE

17. (C) Later on November 13, DAS McMullen and Ambassador Jewell met with Coordinating Minister for Internal and External Security Fernando Bustamante, his Vice Minister Juan Sebastian Roldan and his Senior Advisor David Baca. Both DAS McMullen and Bustamante emphasized common ground and areas for cooperation. Bustamante said there are many of opportunities for dialogue between the two sides, but he stressed the need to avoid stereotypes and the oversimplification one sees in the press, especially with regard to Hugo Chavez. He noted that the GOE has "wide range of friends" that also includes President Lula of Brazil and President Bachelet of Chile. Bustamante said that the GOE wants to re-establish the relationship with

the US from a position of "greater self-respect." He said that Ecuador is not stuck in an anti-imperialist mindset, however, and that its view of the US is much more nuanced than that of 15 years ago.

RE-ORGANIZATION OF THE COUNTRY

¶18. (C) Mirroring Paredes' earlier comments, Bustamante said that "the big challenge" for Ecuador is to improve social equality. He described the GOE as searching for a US-style "New Deal" for Ecuador. Senior Advisor Baca noted that the challenges faced by all the countries in the region date back to the founding of these states. He said that the current political climate in the Ecuador is therefore not a "turn left" but rather a "reorganization of the country" that seeks to "include the excluded" and allow all members of society to enjoy the full benefits of citizenship.

¶19. (C) DAS McMullen emphasized that the US also believes very strongly in social inclusion. He expressed concern about the decline in political parties throughout the region, noting that it was very difficult to govern effectively without them. Bustamante agreed with this assessment and said much of the problem stemmed from collapse in public respect for political parties, which he said was leading to a rise in anti-democratic sentiment in the country. He described this situation as "very dangerous" and said that the GOE was "surfing this democratic wave, hoping it doesn't destroy us."

CONSTITUTIONAL ASSEMBLY: A VISION FOR THE FUTURE

¶10. (C) Bustamante said there is not a clear model in mind for Ecuador's new constitution, that the goal would be a liberal democracy that can sustain itself. He lamented the volatility in Ecuador's political history and said that he hoped they would be able to achieve the stability enjoyed by neighboring states such as Brazil. "We've been bordering on anarchy at times," he acknowledged, "and we need to stop tinkering." Baca expressed admiration for the broadly inclusive nature of the US constitution and said that the GOE hopes to make its new constitution "as democratic as possible." Bustamante said there were many elements of the US. electoral system that they might seek to emulate, but he emphasized that every constitution needs to reflect the history and society of its own country. He

described some of the key goals as establishing "territorial order," perhaps with directly-elected governors for provinces; an improved electoral system; and a "radical protection of rights."

¶11. (C) Both Bustamante and Baca expressed frustration over the decline of government institutions, which has allowed other organizations to fill the power vacuum. Bustamante felt that this in turn had led to an "over-privatization" of the country and a "blurring between the public and private sectors." He said this has allowed the state to be "captured by clientism" and was a major cause of institutionalized corruption. He said that powerful public sector unions were a big problem in the country, describing the state-owned company Petroecuador as "practically an independent republic." He also emphasized the need for fiscal reform, pointing out that currently 80% of Ecuador's budget is earmarked. He noted that President Correa felt the only way to achieve a more responsible use of public funds is to create a system with accountability to the electorate and an ability to punish those who misuse public funds.

¶12. (C) Bustamante commented that the constitutional assembly was expected to produce a new constitution within six months, and he expressed hope that a new congress could be elected as early as November 2008. Ambassador Jewell remarked on the ambitious nature of this agenda and noted

how challenging it would be. Bustamante said he hoped that the Constituent Assembly would not attempt to solve all of Ecuador's problems itself, but would instead let the new congress address them. Baca noted that the lack of opportunity for so much of Ecuador's population has created a strong demand for change. DAS McMullen and Ambassador Jewell both pointed to the success of Ireland in reinvigorating its economy, largely by putting in place the right policy structures.

SHARED CONCERN OVER THE SITUATION IN BOLIVIA

¶13. (C) DAS McMullen noted that US is very concerned about the situation in Bolivia. He described relations between the USG and GOB as "two sides with different views," but stressed that there is a need to find a solution to allow them to work together. Bustamante said that the GOE was also concerned about Bolivia and said that the GOB's inability to manage its affairs effectively is creating "chaos in the heart of the continent." Bustamante emphasized differences between Ecuador and Bolivia, particularly with regard to the indigenous movements. He described the indigenous populations in Ecuador as akin to "interest groups," whereas in Bolivia, due to its more homogenous society, the indigenous movement has become "a national project."

COOPERATION IN ECUADOR'S NORTHERN REGION

¶14. (C) Bustamante said that the challenging situation faced in Ecuador's northern region stems from weak government organization and a lack of presence by the state. He described the work of the GOE in the region as "state-building," and said that the GOE recognized the need to create economic alternatives for the population to ensure that they did not become guerrillas or involved in the drug trade. Ambassador Jewell emphasized that the USG sought a cooperative approach in this region, saying "we want to align our assistance with your needs, otherwise it doesn't make sense." DAS McMullen agreed, saying that despite a difficult budgetary situation, the USG was very interested in providing assistance that can strengthen institutions.

COMMENT

¶15. (C) Bustamante and Paredes's comments accurately reflect the GOE's reform agenda. While it remains to be seen whether or not GOE will be able to deliver such sweeping reform, the desire amongst the upper echelons of the Correa administration to do so is very evident. Both minister's verbal commitments to remain close to the United States are hopefully a signal that relations will remain positive as Ecuador embarks on the difficult task of constitutional reforms in the coming months.

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¶16. (U) DAS McMullen has cleared this message.

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